

***Utah Risk Management
Mutual Association***

***Financial Statements and Accompanying
Information for the 18-Month Period Ended
June 30, 2006, and for the Year Ended
December 31, 2004 (As Restated), and
Independent Auditors' Report***

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Utah Risk Management Mutual Association:

We have audited the accompanying balance sheets of Utah Risk Management Mutual Association (the "Association") as of June 30, 2006 and December 31, 2004 (as restated), and the related statements of operations and changes in members' capital and of cash flows for the 18-month period ended June 30, 2006, and for the year ended December 31, 2004 (as restated). These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2006 and December 31, 2004 (as restated), and the results of its operations and its cash flows for the 18-month period ended June 30, 2006, and for the year ended December 31, 2004 (as restated), in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6, the accompanying December 31, 2004, financial statements have been restated.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information listed in the foregoing table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying information is also the responsibility of the Association's management. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2006, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters for the 18-month period ended June 30, 2006. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our 2006 audit.

Deloitte & Touche LLP

November 3, 2006

Utah Risk Management Mutual Association
Management Discussion and Analysis
For 18-Month Period Ended June 30, 2006 and for the
Fiscal Year Ended December 31, 2004 (As Restated)

The management of Utah Risk Management Mutual Association ("URMMA" or the "Association") presents the following narrative and analysis of the financial statements and financial activities of URMMA as required by the Governmental Accounting Standards Board (GASB). The information and analysis pertain to the 18-month period ended June 30, 2006 and a comparison to December 31, 2004 (as Restated). Also included in this discussion are amounts as of December 31, 2003 (as Restated) for comparison purposes.

Financial Highlights

The 18-month audit period was the result of URMMA changing its fiscal year from January 1 to July 1. During this transition period, URMMA operated under a 6-month interim budget from January 1, 2005 through June 30, 2005 and then a full 12-month fiscal budget from July 1, 2005 through June 30, 2006. Prior to this transition, the URMMA Board and management opted to consider the transition period as one audit period. Consequently, the current audit and actuarial study represent the activity of the 18-month period.

During the 18-month period, premiums for the Group II members increased an average of 100%. This increase was an attempt to bring parity to the various groups. Over the years the Group II cities experienced significant growth in budget, population and services, but their premiums were not reflective of that growth. With the Board of Director's approval, URMMA initiated a plan to bring the Group II premiums in line with the other group premiums.

Since 1990, URMMA has purchased reinsurance from General Reinsurance, a commercial carrier. During the 18-month audit period, reinsurance premiums were reimbursed 100% by the members. After the terrorist attack on September 11, 2001, the reinsurance market experienced high premium increases. The URMMA Board of Directors elected to offset high reinsurance premiums with monies from surplus for premiums paid from 2002 through 2004.

Subsequent to the issuance of the 2004 financial statements, management discovered an overstatement of recaptured loss receivables. URMMA's coverage document, the Joint Protection Program, requires members to reimburse the Association for 100% of losses above the deductible at the rate of 20% per year over a five-year period. The reimbursement program also includes a loss sharing provision for certain losses which fall above the defined maximum cap. The amount of losses that are shared are determined when annual premiums are calculated. Management discovered that the shared loss amounts for prior years, amounting to \$426,310, had not been deducted from the recaptured loss receivable.

Management decided that the prior year financial statements should be restated to reflect the change in recaptured loss receivables and undesignated surplus. As part of the restatement, a reserve account to provide for future shared losses, was recorded and will be netted against the recaptured loss receivable for all periods going forward. The reserve account was \$160,000, \$150,000, and \$170,000 at June 30, 2006; December 31, 2004; and January 1, 2004, respectively. See note 6 in the accompanying financial statements. For purposes of the required supplementary information in the management discussion and analysis, the amounts presented for 2003 have also been restated.

In 2004, URMMA experienced an increase in the number and severity of claims which resulted in an increase in claims reserves and expenses.

Financial Statements

URMMA was created in 1985 pursuant to an Interlocal Agreement under provisions of the Utah Interlocal Cooperation Act. URMMA provides coverage for general liability, auto liability, police professional liability, premises liability and public officials' errors and omissions through claims-made insurance coverage to 25 member municipalities throughout the State of Utah.

URMMA wrote workers' compensation coverage from January 1, 1993 through April 1, 1995 when coverage ceased. Management has recommended to the Board of Directors that the workers' compensation monies remain in URMMA until the statute of limitations expires for all URMMA's workers' compensation claims.

The financial statements included in URMMA's audit are a composite of the liability program and the workers' compensation program.

Accounting Principles

The accounting policies of URMMA conform to accounting principles generally accepted in the United States of America and are in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reports for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*.

URMMA reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Assets

URMMA assets include cash and cash equivalents, receivables and fixed assets. Cash and cash equivalents include monies in the checking accounts and the Public Treasurers' Investment Fund. Other investments are bonds purchased by URMMA. Member deductible receivables represent the amount due for claims which fall within the members' deductible amount. Recaptured loss receivables represent losses net of the deductible which are repaid to URMMA at the rate of 20% per year for five years. Other receivables are comprised primarily of interest receivable for the other investments.

The office building and equipment assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of 40 years for the building and five years for the equipment.

Assets are shown in the following table:

Description of Asset	As of 6/30/06	As of 12/31/04 (as Restated)	As of 12/31/03 (as Restated)
Cash and Cash Equivalents at Fair Value	\$ 9,453,887	\$ 6,866,618	\$ 6,298,994
Member Receivables, Net	4,076,936	4,514,792	4,327,515
Other Receivables	19,634	18,754	19,519
Deposit at Fair Value	0	1,000,000	1,000,000
Investments at Fair Value	1,492,651	1,518,500	2,065,510
Office Building and Equipment	619,138	644,930	669,843
Total Assets	\$ 15,662,246	\$ 14,563,594	\$ 14,381,381

Total assets increased \$1,098,652 during the 18-month audit period and \$182,213 at the close of 2004. The significant asset increase as of 6/30/06 was a direct result of the increase in premiums and increased interest revenue. The modest asset increase in 2004 was primarily due to increased premiums.

One bond was called during 2004 which reduced the investments at fair value by \$500,000.

During the 2006 period, URMMA Management petitioned the Utah State Insurance Department to release the \$1,000,000 security deposit which was invested in URMMA's name in the Public Treasurers' Investment Fund under a tri-party agreement between the Utah State Insurance Department, URMMA and the PTIF. Since the Association is no longer under the jurisdiction of the State Insurance Department, management determined that it was in URMMA's best interest to have the funds released and readily available. The funds were rolled into the "general liability fund" in the Association's PTIF account.

Liabilities

URMMA liabilities include reserves for loss and loss adjustment expenses and accounts payable.

Loss reserves include stated case reserves, which are established by the URMMA claims staff, and IBNR (Incurred But Not Reported) reserves which are established by an independent actuary. The actuarial study associated with this audit period was performed by ARMTECH, Inc. All losses since the beginning of the Association were reported to the actuary.

Liabilities are shown in the following table.

Type of Liability	As of 6/30/06	As of 12/31/04 (as Restated)	As of 12/31/03 (as Restated)
Total Reserves for Losses and Loss Adjustment Expenses (General Liability)	\$ 6,166,168	\$ 5,818,378	\$ 4,649,859
Other liabilities	103,567	68,540	65,942
Total Liabilities	\$ 6,269,735	\$ 5,886,918	\$ 4,715,801

The increase in loss and loss adjustment expense reserves represent an increase in the number and severity of claims reported. URMMA experienced a significant increase in the number and severity of claims filed in 2004. Loss development often spans several years before reserves are decreased.

Claim history is shown in the following table.

	18 Month Period Ended 6/30/06	Year Ended 12/31/04	Year Ended 12/31/03
Number of Claims	312	294	269
Average Amount per Claim	\$ 14,987	\$ 12,094	\$ 7,875

Other liabilities include accounts payable and accrued vacation.

URMMA has no debt.

Members' Capital

Members' capital comprises undesignated surplus and designated surplus. The designated surplus represents the difference between funding at the 50% funding confidence level and funding at the 90% funding confidence level as set by the actuary. URMMA is required to fund reserves at the 50% confidence level. In 1996, the Board of Directors established the designated surplus which would be used as additional monies for claims funding if necessary.

Members' Capital (Surplus)	As of 6/30/06	As of 12/31/04 (as Restated)	As of 12/31/03 (as Restated)
Undesignated Surplus	\$ 6,704,625	\$ 6,657,083	\$ 8,069,061
Designated Surplus	2,687,886	2,019,593	1,596,519
Total Members' Capital	\$ 9,392,511	\$ 8,676,676	\$ 9,665,580

Revenues

Member premiums comprise four elements: base premium, membership fees, recaptured loss revenue and reinsurance premium reimbursement. Base premium is calculated from specific line items from the members' financial audits and is based on a formula adopted by the Board of Directors. Membership fees are \$4,000 for each member municipality and \$1,000 for each additional entity such as a redevelopment agency or municipal building authority.

Recaptured loss revenue represents the amount of loss and loss adjustment payments which exceed the deductible. URMMA's Joint Protection Program requires members to reimburse the Association for 100% of losses paid above the deductible at the rate of 20% per year. This accrual is classified as recaptured loss revenue. Recaptured loss revenue is recorded as income on a quarterly basis. Because recaptured loss revenue is based on claims expenses above the deductible, it can vary significantly from year to year. Annual shared losses are credited against recaptured loss revenue.

Reinsurance premiums are allocated to the members based on a formula adopted by the Board of Directors. During the hard insurance market from 2002 through 2004, the Board of Directors voted to supplement reinsurance premiums with monies from surplus in order to avoid huge increases in the reinsurance premiums.

URMMA purchases reinsurance coverage from General Reinsurance, a commercial carrier. The reinsurance attachment points are \$250,000 for Group I members, \$500,000 for Group II members, and \$1,000,000 for Group III members. Reinsurance coverage limits are \$6,000,000 per occurrence for all members. To date, URMMA has never had a claim that has reached the reinsurance attachment points.

Other revenue sources include interest income, change in the fair value of investments, and miscellaneous income.

As a governmental entity, URMMA must comply with the Utah Money Management Act for all depositories and investments. The majority of URMMA funds are invested through the Public Treasurers' Investment Fund (PTIF). In addition, URMMA purchased two short-term government bonds that met the requirements of the Money Management Act. The change in fair value of investments is to recognize the unrealized gains or losses in the current value of the bonds.

Other income represents rental income for the basement office space in the URMMA office building which has been leased to two tenants. In 2003, other revenue includes a profit-sharing refund from General Reinsurance in the amount of \$51,028.

Premium and non-premium revenue are shown in the following table.

Type of Revenue	18 Month Period Ended 6/30/06	Year Ended 12/31/04 (as Restated)	Year Ended 12/31/03 (as Restated)
Premium earned (except reinsurance)	\$ 4,639,074	\$ 2,793,288	\$ 2,618,496
Reinsurance premium	1,154,936	612,000	512,987
Reinsurance ceded	(1,154,936)	(745,898)	(672,200)
Net Premium Earned	4,639,074	2,659,390	2,459,283

Change in fair value of investments	(25,850)	(47,010)	(37,970)
Other	58,573	43,541	108,458
Total Non-premium income	669,183	208,714	288,268
Total Revenues	\$ 5,308,257	\$ 2,868,104	\$ 2,747,551

Expenses

URMMA expenses fall into two categories: loss and loss adjustment expenses and operational expenses. Loss and loss adjustment expenses include settlements/judgments and defense costs, which include outside legal counsel, adjusting fees, court costs, etc. In-house personnel costs for the Litigation Manager and Claims Adjuster are included in this amount. The change in loss reserves are also a part of the loss adjustment expenses. Operational expenses include all other personnel costs and other operational expenses. The following table details expenses for this period.

Type of Expense	18 Month Period Ended 6/30/06	Year Ended 12/31/04 (as Restated)	Year Ended 12/31/03
Loss and loss adjustment expenses	\$ 3,304,127	\$ 3,050,658	\$ 2,074,886
Operating expenses	1,288,295	806,350	870,798
Total Expenses	\$ 4,592,422	\$ 3,857,008	\$ 2,945,684

Net Income

Net income or loss for any given year can fluctuate dramatically primarily due to the changes in loss and loss adjustment expenses. URMMA experienced an unfavorable claims year in 2004 resulting in a significant loss. Increased premium and interest income resulted in a more favorable outcome for the 18 month period ending June 30, 2006. The following table shows the excess of revenues over expenses.

Income/Loss	18 Month Period Ended 6/30/06	Year Ended 12/31/04 (as Restated)	Year Ended 12/31/03 (as Restated)
Excess of Revenues over Expenses (Expenses over Revenues)	\$ 715,835	(\$ 988,904)	(\$ 198,133)

The profit and loss cycles are part of the ebb and flow of pooling. It is expected that pools will have good and bad claims years. While no pool can sustain numerous adverse claims years in a row, an occasional adverse claim year is expected. URMMA will continue to maintain adequate surpluses to provide stability to the organization.

Subsequent Events

URMMA management has taken several steps to ensure shared losses are appropriately recorded in the future. Shared losses will be credited against loss revenue income in the year that the shared loss is identified and an appropriate credit will be posted to the recaptured loss receivable. The shared loss amounts will also be identified in the recaptured loss spreadsheets that are sent to the Members with their premium invoices. In addition, a shared loss reserve has been established to offset future shared loss amounts.

URMMA will continue to work toward building surplus to protect against future adverse claims years. The Members' inspection program and education program will also continue to help reduce future losses.

Information Regarding the Financial Statements

Inquiries regarding the FY 2006 financial statement can be directed to URMMA management. URMMA is located at 502 East 770 North, Orem, UT 84097. Telephone inquiries can be made by calling (801) 225-6692.

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

BALANCE SHEETS

AS OF JUNE 30, 2006 AND DECEMBER 31, 2004 (As Restated)

	June 30, 2006	December 31, 2004 (As Restated)
ASSETS		
CASH AND CASH EQUIVALENTS AT FAIR VALUE	\$ 9,453,887	\$ 6,866,618
RECEIVABLES FROM MEMBERS—Net	4,076,936	4,514,792
OTHER RECEIVABLES	19,634	18,754
DEPOSIT AT FAIR VALUE		1,000,000
INVESTMENTS AT FAIR VALUE	1,492,651	1,518,500
OFFICE BUILDING AND EQUIPMENT, Net of accumulated depreciation of \$271,145 and \$228,709, respectively	<u>619,138</u>	<u>644,930</u>
TOTAL	<u>\$ 15,662,246</u>	<u>\$ 14,563,594</u>
LIABILITIES AND MEMBERS' CAPITAL		
LIABILITIES:		
Reserves for losses and loss adjustment expenses—general liability	\$ 6,166,168	\$ 5,818,378
Accounts payable and other liabilities	<u>103,567</u>	<u>68,540</u>
Total liabilities	<u>6,269,735</u>	<u>5,886,918</u>
COMMITMENTS AND CONTINGENCIES (Note 3)		
MEMBERS' CAPITAL:		
Undesignated	6,704,625	6,657,083
Designated	<u>2,687,886</u>	<u>2,019,593</u>
Total members' capital	<u>9,392,511</u>	<u>8,676,676</u>
TOTAL	<u>\$ 15,662,246</u>	<u>\$ 14,563,594</u>

See independent accountants' report and notes to financial statements.

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' CAPITAL FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2006 AND YEAR ENDED DECEMBER 31, 2004 (As Restated)

	18-Month Period Ended June 30, 2006	Year Ended December 31, 2004 (As Restated)
REVENUES:		
Premiums earned	\$ 4,639,074	\$ 2,793,288
Premiums from members for reinsurance coverage	<u>1,154,936</u>	<u>612,000</u>
Total premiums earned	5,794,010	3,405,288
Less ceded premiums	<u>(1,154,936)</u>	<u>(745,898)</u>
Net premiums earned	4,639,074	2,659,390
Interest income	636,460	212,183
Change in fair value of investments	(25,850)	(47,010)
Other	<u>58,573</u>	<u>43,541</u>
Total revenues	<u>5,308,257</u>	<u>2,868,104</u>
EXPENSES:		
Losses and loss adjustment expenses	3,304,127	3,050,658
Operating expenses	<u>1,288,295</u>	<u>806,350</u>
Total expenses	<u>4,592,422</u>	<u>3,857,008</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	715,835	(988,904)
MEMBERS' CAPITAL:		
Beginning of year—as previously reported	8,676,676	10,091,890
Correction of error (see Note 6)	<u> </u>	<u>(426,310)</u>
As restated	<u>8,676,676</u>	<u>9,665,580</u>
End of year	<u>\$ 9,392,511</u>	<u>\$ 8,676,676</u>

See independent accountants' report and notes to financial statements.

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2006 AND YEAR ENDED
DECEMBER 31, 2004 (As Restated)

	18-Month Period Ended June 30, 2006	Year Ended December 31, 2004 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses (expenses over revenues)	\$ 715,835	\$ (988,904)
Adjustments to reconcile excess of revenues over expenses (expenses over revenues) to net cash provided by operating activities:		
Depreciation	42,435	32,868
Decrease in fair value of investments	25,850	47,010
Changes in assets and liabilities:		
Receivables from Members	437,856	(187,277)
Other receivables	(880)	765
Change in deposit	1,000,000	
Reserves for losses and loss adjustment expenses	347,790	1,168,519
Accounts payable and other liabilities	35,027	2,598
Net cash provided by operating activities	<u>2,603,913</u>	<u>75,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales/maturities of investments		500,000
Purchases of office equipment	<u>(16,644)</u>	<u>(7,955)</u>
Net cash (used in) provided by investing activities	<u>(16,644)</u>	<u>492,045</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,587,269	567,624
CASH AND CASH EQUIVALENTS—Beginning of year	<u>6,866,618</u>	<u>6,298,994</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 9,453,887</u>	<u>\$ 6,866,618</u>

See independent accountants' report and notes to financial statements.

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2006,
AND YEAR ENDED DECEMBER 31, 2004 (As Restated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business—Utah Risk Management Mutual Association (the “Association”) is a public agency mutual insurance company organized to provide general, auto, police professional, premises liability, and public officials’ errors and omissions claims-made insurance coverages to 25 member municipalities and affiliated agencies (the “Members”) in the state of Utah. The pooling of Members’ risks is established through the Joint Protection Program whereby, in consideration for payments of certain premiums, the Association agrees to pay claims on behalf of the Members in excess of their specified deductible amounts. The Association is responsible to assist each Member’s risk manager with the implementation of risk management techniques within the Member’s municipality. Members are responsible to report to the Association on a timely basis all incidents which could reasonably be expected to result in the Association being required to consider a claim made against a Member.

The Association was created in 1985 pursuant to the Interlocal Agreement under provisions of the Utah Interlocal Cooperation Act, which has a 50-year term. Operations are governed by the Interlocal Agreement adopted by each Member and the bylaws adopted by the Association’s Board of Directors (the “Board”). Each Member has a representative on the Board. The Interlocal Agreement and the bylaws provide for weighted voting which entitles each Member to one vote per \$1,000 of base premiums paid. The Association has changed its fiscal year-end from December 31 to June 30 to correspond with the fiscal year-end of all of its member municipalities.

The Association wrote workers’ compensation coverage from January 1, 1993 to April 1, 1995, when coverage ceased. The Association retains a third-party administrator to handle the processing of workers’ compensation claims; however, the liability for claims incurred within this period resides with the Association (see Note 3). All workers’ compensation claims incurred after April 1, 1995, are the responsibility of the respective Members.

The Association follows the provisions of Government Auditing Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—Management’s Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*.

The Association adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, for the 18-month period ended June 30, 2006. This statement establishes and modifies disclosure requirements related to investment and deposit risk; accordingly, the note disclosures on cash and investments are in conformity with the provisions of GASB Statement No. 40.

Accounting Principles—The accounting policies of the Association conform to accounting principles generally accepted in the United States of America, except as noted below. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds Accounting*, the Association has opted to apply all pronouncements issued by the GASB and elected not to apply statements and interpretations issued by the Financial Accounting Standards Board after November 1989. The following is a summary of the more significant accounting policies of the Association:

Basis of Accounting—The Association reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates in Preparing Financial Statements—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, the Association's reserves for losses and loss adjustment expenses are subject to change and actual results could differ from those estimates.

Receivables From Members—The Association records receivables from Members for amounts related to indemnity losses and loss adjustment expenses. The recorded amounts consist of deductible billings and recaptured losses. Receivables are net of an allowance for uncollectible amounts of \$160,000 and \$150,000 for the period ended June 30, 2006, and the year ended December 31, 2004, respectively.

Deposit—As of December 31, 2004, the Association maintained a deposit in the amount of \$1,000,000 under joint custody by the Association and the Insurance Department of the State of Utah as required by law for the benefit of the Association's Members. The funds were maintained as investments in the Utah Public Treasurer's Investment Fund. As the Association does not currently fall under the jurisdiction of the State Insurance Department, during the 18-month period ended June 30, 2006, the Association requested and received release of the restricted funds.

Investments—Investments in U.S. government securities are carried at fair value. The change in fair value of investments includes both realized gains and losses as well as unrealized gains and losses on investments. The Company determines the fair values of securities based on quoted market values from externally published sources. Investment transactions are recorded on the trade date.

Office Building and Equipment—Office building and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of 40 years for the building and 5 years for equipment.

Reserves for Losses and Loss Adjustment Expenses—The reserves for losses and loss adjustment expenses represent the estimated ultimate losses and loss adjustment expenses on claims reported through the end of the year. These reserves also include the estimated losses and loss adjustment expenses for claims incurred but not yet reported and have been estimated primarily on the Association's prior statistical experience. Because actual claims costs are determined considering the effects of such complex factors as inflation, changes in doctrines of legal liability, damage awards, and other societal and economic factors, the process used to compute the reserves for losses and loss adjustment expenses does not necessarily result in the amount that will ultimately be paid. The reserves for losses and loss adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent claim settlements, claim frequencies and severities, and

other economic and social factors. Changes in the reserves for losses and loss adjustment expenses during the year are included in the statements of operations (see Note 3).

The Association's reserves were prepared assuming a 50% actuarial confidence level. The difference between 50% and 90% confidence levels as of June 30, 2006 and December 31, 2004, is \$2,687,886 and \$2,019,593, respectively, which has been recorded as designated surplus as requested by the Board. It is intended that the designated surplus will be used to augment loss reserves as necessary.

Premiums—The Joint Protection Program between the Association and its Members defines the Association's responsibilities for providing insurance coverages and the amounts of deductibles required by Members. In addition to charging an annual premium, the Joint Protection Program provides for a retrospective premium, paid over five years, amounting to the excess of all losses paid in any year above the Member's deductible. This retrospective premium is subject to a defined maximum limit or cap for the largest claim in each single year, which is referred to as shared recaptured losses.

Coverage is provided for one-year terms and premiums are recorded as earned on a pro-rata basis over the Member's coverage year. Retrospective premiums are recorded as earned when claims are paid, with a reserve set for the potential limitation of payback. Anticipated investment income is not considered on an individual basis in determining if a premium deficiency exists.

Income Taxes—The Association qualifies under Section 115 of the Internal Revenue Code as a political subdivision of the state of Utah and is, therefore, not subject to federal income taxes.

Dividends to Members—Dividends to Members are subject to statutory restrictions based on minimum capital requirements and other factors. No dividends were approved during the 18-month period ended June 30, 2006 and year ended December 31, 2004.

Premium Refunds—No premium refunds were approved during the 18-month period ended June 30, 2006 and year ended December 31, 2004.

Statements of Cash Flows—The Company considers cash, overnight repurchase agreements, and short-term highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments are held at fair value. As of June 30, 2006 and December 31, 2004, the Association's cash and cash equivalents and investments consist of the following:

	18-Month Period Ended June 30, 2006	Year Ended December 31, 2004 (As Restated)
Cash on hand	\$ 200	\$ 200
Cash on deposit	334,939	398,568
Utah Public Treasurer's Investment Fund— held by the Association	<u>9,118,748</u>	<u>6,467,850</u>
Total cash and cash equivalents	9,453,887	6,866,618
Deposit—held jointly with the state of Utah in the Utah Public Treasurer's Investment Fund		1,000,000
Investments—U.S. government securities	<u>1,492,651</u>	<u>1,518,500</u>
Total cash and cash equivalents and investments	<u>\$10,946,538</u>	<u>\$9,385,118</u>

The Association is required to follow the requirements of the Utah Money Management Act, Section 57-7, *Utah Code Annotated, 1953*, as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Association was in compliance with the Utah Money Management Act during the 18-month period ended June 30, 2006, and the year ended December 31, 2004. The Association's investment policy stipulates that investments made should be considered "safe" with regard to credit and interest rate risks. The policy states that investments are to be distributed between the Utah Public Treasurers' Fund and short-term U.S. government securities. The investments guidelines and results are monitored by the CEO and Executive Committee. The following are discussions of the Association's exposure to various risks related to its cash management activities:

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Association's deposits may not be recovered. The Association's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the Authority to be in a *qualified depository*, defined as any institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of the Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

At June 30, 2006, the book balance of cash on deposit totaled \$334,939 and the corresponding bank balance totaled \$346,511. Of those amounts, \$153,080 was covered by federal depository insurance. At December 31, 2004, the book balance of cash on deposit totaled \$398,568 and the corresponding bank balance totaled \$440,240. Of those amounts, \$110,505 was covered by federal depository insurance.

B. Credit Risk

Credit Risk is the risk that the counterparty to an investment will not fulfill its obligations. The Association's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The Association is authorized to invest in the Utah Public Treasurer's Investment Fund ("PTIF"), an external pooled investment fund managed by the Utah State Treasurer. The Association's investment in this pooled fund has a fair value equivalent to the value of the pool shares. This pooled fund is administered by the state of Utah and is required to follow the requirements of the Utah Money Management Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the state of Utah.

For the periods ended June 30, 2006 and December 31, 2004, the Association had investments of \$9,118,748 and \$6,467,850, respectively, with the PTIF. The Association manages credit risk through investing the majority of its funds through the PTIF. Although the PTIF pool has not been rated for credit risk, the entire balance had a maturity of less than one year. In addition, the remaining investments are in government securities for which there is no credit risk.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association manages exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the fund to be invested. To minimize the interest rate risk, the remaining investments are in short-term government securities.

Securities held as of June 30, 2006, are as follows:

Investment	Fair Value	Maturity	Effective Duration (Years)
U.S. government agency securities	\$ 500,451	8/15/2006	0.12
U.S. government agency securities	<u>992,200</u>	10/20/2006	0.30
Total	<u>\$1,492,651</u>		

Securities held as of December 31, 2004, are as follows:

Investment	Fair Value	Maturity	Effective Duration Years
U.S. government agency securities	\$ 525,000	8/15/2006	1.12
U.S. government agency securities	<u>993,500</u>	10/20/2006	1.30
Total	<u>\$1,518,500</u>		

3. RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES:

Activity in the reserves for losses and loss adjustment expenses during the 18-month period ended June 30, 2006, and year ended December 31, 2004, are summarized as follows:

	<u>General Liability</u>	
	<u>18-Month Period Ended June 30, 2006</u>	<u>Year Ended December 31, 2004</u>
Beginning balance	\$ 5,818,378	\$4,649,859
Incurred related to:		
Current year	4,374,161	3,044,515
Prior years	(1,070,034)	6,143
Total incurred	<u>3,304,127</u>	<u>3,050,658</u>
Paid related to:		
Current year	1,139,928	189,803
Prior years	<u>1,816,409</u>	<u>1,692,336</u>
Total paid	<u>2,956,337</u>	<u>1,882,139</u>
Ending balance	<u>\$ 6,166,168</u>	<u>\$5,818,378</u>

As a result of favorable loss development related to prior years' estimated claims, the provision for losses and loss adjustment expenses decreased by \$1,070,034 in 2006 and due to the payment of prior years' estimated claims, the reserve increased by \$6,143 in 2004. No activity occurred in the reserve for losses and loss adjustment expenses related to workers' compensation during the 18-month period ended June 30, 2006, and year ended December 31, 2004.

4. REINSURANCE

Under the terms of its reinsurance agreement, the Association's initial retention for Group 1 is \$250,000; Group 2 is \$500,000; and Group 3 is \$1,000,000. The reinsurer is liable for 100% of the next \$5,000,000 for all groups. Group 1 consists of cities with populations of up to approximately 15,000; Group 2 consists of cities with populations ranging from approximately 15,000 to 50,000; and Group 3 consists of cities with populations above 50,000. A contingency exists with respect to amounts of such reinsurance in the event the reinsurer is unable to meet its obligation. The association has never submitted a reinsurance claim since its inception.

5. EMPLOYEE BENEFIT PLANS

The Association participates in a deferred compensation plan established in accordance with Internal Revenue Code ("IRC") section 457 and administered by ICMA Retirement Corporation. The plan, which is available to all full-time employees, allows for a deferral of a portion of the employees' salaries. In accordance with the requirements of IRC section 457, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries, except that expenses and taxes may be paid from the trust. Contributions to this plan were \$22,400 and \$12,000 during the 18-month period ended June 30, 2006 and year ended December 31, 2004, respectively.

The Association's employees participate in a defined contribution money purchase pension plan under IRC section 401(a). During the 18-month period ended June 30, 2006 and year ended December 31, 2004, the Association contributed 16.5% of employees' salaries to the plan as determined by the Executive Committee. During the 18-month period ended June 30, 2006 and year ended December 31, 2004, participating employees were required to contribute 1.5% of their salaries to the plan. The Association's contributions to this plan were \$143,728 and \$85,376 and employees' contributions to this plan were \$10,385 and \$8,240 during the 18-month period ended June 30, 2006 and year ended December 31, 2004, respectively. Substantially all of the Association's employees, with a total payroll of approximately \$879,045 and \$513,445 during the 18-month period ended June 30, 2006 and year ended December 31, 2004, respectively, were covered by this plan.

6. RESTATEMENT OF 2004 FINANCIAL INFORMATION

Subsequent to the issuance of the Association's 2004 financial statements, the Association determined that the prior-year amounts recorded for premiums earned and the balance of receivables from members were overstated due to a failure to adjust for claims which would not be recaptured from members since those claims met the definition of shared losses under the joint protection program.

The calculation of shared losses is dependent on information which is not available at the time the claim is incurred, including the final cumulative amount of the claim and the member's future premiums. The Association determined that it should have recorded a reserve for future shared losses related to claims which had been incurred as of each balance sheet date. The reserve should be subject to annual adjustment based on developing shared loss experience.

The restatement of receivables and premiums earned for each year presented consists of two components: the amount of shared losses which retrospectively are known to have been recognized and the effect of a reserve established to provide for the amount of shared losses which the Association expects to recognize in the future related to past claims for each year.

Taking into consideration both components, the cumulative overstatement as of January 1, 2004, was \$426,310 in receivables and members' capital. The amount of overstated premium in 2004 was \$147,651; the end of year overstatement in receivables and members' capital was \$573,961. As a result, the 2004 financial statements have been restated to reflect the correct amount of each of the aforementioned items. As a result of the adjustments, changes in the Association's financial statements relating to the year ended December 31, 2004, are as follows:

	2004 As Previously Reported	2004 As Restated
STATEMENT OF OPERATIONS AND CHANGES		
IN MEMBERS' CAPITAL:		
Premiums earned	\$ 2,940,939	\$ 2,793,288
Total revenues	3,015,755	2,868,104
Excess of expenses over revenues	(841,253)	(988,904)
Members' capital—beginning of year	10,091,890	9,665,580
Members' capital—end of year	9,250,637	8,676,676
BALANCE SHEET:		
Receivables from members	5,088,753	4,514,792
Total assets	15,137,555	14,563,594

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UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

PREMIUMS AND LOSS DEVELOPMENT INFORMATION

GENERAL LIABILITY AND WORKERS' COMPENSATION AS OF AND FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2006, AND FOR THE YEAR ENDED DECEMBER 31, 2004
(As restated)

The following compares the Association's earned revenues, net of reinsurance and investment income, to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Association. The table is defined as follows: (1) shows each year's net earned premiums and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) shows incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the Joint Protection Program occurred, (4) shows the cumulative amounts paid as of the end of successive years for each coverage year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years; this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, and (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Association information is only available in the format shown below for the years presented.

(000's omitted)	Fiscal and Policy Year Ended					
	2000	2001	2002	2003	2004	2005-06
					(Restated)	
(1) Required contribution, investment revenue, and interest income:						
Premiums earned	\$ 2,838	\$ 2,885	\$ 2,700	\$ 3,281	\$ 3,405	\$ 5,794
Premiums ceded	(320)	(340)	(509)	(672)	(746)	(1,155)
Net premiums earned	2,518	2,545	2,191	2,609	2,659	4,639
Interest income	600	486	289	218	212	636
(2) Unallocated expenses	323	293	176	237	249	394
(3) Estimated incurred losses and expenses—end of policy year	1,323	1,201	1,242	1,498	2,882	4,029
(4) Paid (cumulative) as of:						
End of policy year	36	26	105	77	190	793
One year later	299	236	484	282	1,030	
Two years later	852	899	896	775		
Three years later	1,003	1,377	1,134			
Four years later	1,111	1,478				
Five years later	1,164					
(5) Reestimated incurred losses and expenses:						
End of policy year	1,323	1,172	1,356	1,498	2,882	4,029
One year later	1,765	1,422	1,527	1,525	2,634	
Two years later	1,832	1,989	1,507	1,328		
Three years later	1,519	1,786	1,334			
Four years later	1,495	1,705				
Five years later	1,176					
(6) (Decrease) increase in estimated incurred losses and expenses from end of policy year	(147)	533	(22)	(170)		

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

BALANCE SHEET AND OPERATIONS BY LINE OF BUSINESS AS OF AND FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2006

JUNE 30, 2006	General Liability	Workers' Compensation	Total
ASSETS:			
Cash and cash equivalents at fair value	\$ 8,694,970	\$758,917	\$ 9,453,887
Receivables from Members	4,076,936		4,076,936
Other receivables	19,634		19,634
Deposit at fair value			
Investments at fair value	1,492,651		1,492,651
Office building and equipment, net of accumulated depreciation of \$271,145	619,138		619,138
TOTAL	\$ 14,903,329	\$758,917	\$ 15,662,246
LIABILITIES:			
Reserves for losses and loss adjustment expenses	\$ 6,166,168	\$ -	\$ 6,166,168
Accounts payable and other liabilities	103,567		103,567
Total liabilities	6,269,735	-	6,269,735
MEMBERS' CAPITAL	8,633,593	758,918	9,392,511
TOTAL	\$ 14,903,328	\$758,918	\$ 15,662,246
18-MONTH PERIOD ENDED JUNE 30, 2006			
REVENUES:			
Premiums earned	\$ 4,639,074	\$ -	\$ 4,639,074
Premiums from Members for reinsurance coverage	1,154,936		1,154,936
Total premiums earned	5,794,010	-	5,794,010
Less ceded premiums	(1,154,936)		(1,154,936)
Net premiums earned	4,639,074	-	4,639,074
Interest income	597,765	38,695	636,460
Change in fair value of investments	(25,850)		(25,850)
Other	58,573		58,573
Total revenues	5,269,562	38,695	5,308,257
EXPENSES:			
Losses and loss adjustment expenses	3,301,909	2,217	3,304,126
Operating expenses	1,288,296		1,288,296
Total expenses	4,590,205	2,217	4,592,422
EXCESS OF REVENUES OVER EXPENSES	679,357	36,478	715,835
MEMBERS' CAPITAL—Beginning of year	7,954,237	722,439	8,676,676
MEMBERS' CAPITAL—End of year	\$ 8,633,594	\$758,917	\$ 9,392,511

UTAH RISK MANAGEMENT MUTUAL ASSOCIATION

BALANCE SHEET AND OPERATIONS BY LINE OF BUSINESS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004 (AS RESTATED)

DECEMBER 31, 2004	General Liability	Workers' Compensation	Total
ASSETS:			
Cash and cash equivalents at fair value	\$ 6,144,179	\$722,439	\$ 6,866,618
Receivables from Members	4,512,792		4,512,792
Other receivables	18,754		18,754
Deposit at fair value	1,000,000		1,000,000
Investments at fair value	1,518,500		1,518,500
Office building and equipment, net of accumulated depreciation of \$228,709	644,930		644,930
TOTAL	\$13,841,155	\$722,439	\$14,563,594
LIABILITIES:			
Reserves for losses and loss adjustment expenses	\$ 5,818,378	\$ -	\$ 5,818,378
Accounts payable and other liabilities	68,540		68,540
Total liabilities	5,886,918	-	5,886,918
MEMBERS' CAPITAL	794,237	722,439	8,676,676
TOTAL	\$ 6,681,155	\$722,439	\$14,563,594
YEAR ENDED DECEMBER 31, 2004			
REVENUES:			
Premiums earned	\$ 2,793,288	\$ -	\$ 2,793,288
Premiums from Members for reinsurance coverage	612,000		612,000
Total premiums earned	3,405,288	-	3,405,288
Less ceded premiums	(745,898)		(745,898)
Net premiums earned	2,659,390	-	2,659,390
Interest income	200,465	11,718	212,183
Change in fair value of investments	(47,010)		(47,010)
Other	43,541		43,541
Total revenues	2,856,386	11,718	2,868,104
EXPENSES:			
Losses and loss adjustment expenses	3,051,059	(401)	1,882,139
Operating expenses	806,350		806,350
Total expenses	3,857,409	(401)	3,857,008
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	(1,001,023)	12,119	(988,904)
MEMBERS' CAPITAL—Beginning of year	8,955,260	710,320	9,665,580
MEMBERS' CAPITAL—End of year	\$ 7,954,237	\$722,439	\$ 8,676,676



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE
AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Utah Risk Management Mutual Association:

We have audited the financial statements of Utah Risk Management Mutual Association (the "Association") as of the 18-month period ended June 30, 2006, and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgment, could adversely affect the Association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below:

The Association did not properly account for the shared loss portion of recaptured loss premiums in prior years. The Association did not have an adequate reconciliation and review process in place to adjust for the amount of shared losses for Association members. As a result, the Association failed to reduce the recaptured loss receivable balance when the amount of recaptured losses from certain Association members exceeded the defined loss cap.

Association management has addressed the identified condition by establishing a reserve balance against recaptured losses receivable, the amount of which will be routinely reviewed and adjusted to allow for losses exceeding the predetermined loss cap. Additionally, as part of the premium billing process, Association management will provide members at least annually with a detailed schedule showing the calculation of recaptured losses receivable and the amount by which the receivable has been reduced as a result of the loss cap.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and,

accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Association's management, the executive committee, the State of Utah, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

November 3, 2006

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE GUIDELINES

To the Board of Directors of
Utah Risk Management Mutual Association:

We have audited the financial statements of Utah Risk Management Mutual Association (the "Association") for the 18-month period ended June 30, 2006, and have issued our report thereon dated November 3, 2006. Our audit included testwork on the Association's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Special Districts
- Other General Compliance Issues

The Association did not receive any major or nonmajor State grants during the 18-month period ended June 30, 2006.

The management of the Association is responsible for the Association's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the U.S General Accounting office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Association complied, in all material respects, with the general compliance requirements identified above for the 18-month period ended June 30, 2006.

This report is intended solely for the information and use of the Association's management, the executive committee, the state of Utah, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

November 3, 2006